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# NOTICE

ERRATUM: The series numbers of two issues of the EAST EUROPE  
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In JPRS 81124 of 24 June 1982, the series number should read  
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EAST EUROPE REPORT  
ECONOMIC AND INDUSTRIAL AFFAIRS  
No. 2288

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HIGHER ECONOMIC GROWTH RATES ATTAINED IN FIRST QUARTER OF 1982

Sofia IKONOMICHESKI ZHIVOT in Bulgarian 28 Apr 82 p 4

[Article by Mirka Bozhilova, chief specialist at the Committee for the Unified Social Information System: "A Successful Start"]

[Text] This year, the entire Bulgarian people will celebrate the centennial birthday of the great son of Bulgaria, Georgi Dimitrov. The workers are celebrating this jubilee with significant successes in their activities even during the first 3 months of the year. Additional reserves have been disclosed, production efficiency has increased, and the needs of the national economy are being more fully satisfied.

The positive end results have developed chiefly under the influence of the attained development rates in the basic national economic sectors, mainly industry, construction and agriculture.

The state plan quotas and calculations for the quarter have been fulfilled. Aggregate profit, net product and social labor productivity have risen, respectively, by 7.9 percent, 4.9 percent and 3.0 percent in comparison with the first quarter of 1981. Material expenditures have declined.

During the quarter fixed capital valued at 281 million leva was put into operation and this was 18.3 percent more than planned.

The volume of industrial commodity product reached 8,757,000,000 leva and this was 6 percent more in comparison with the same period of last year.

In all sectors, the fulfillment of the quota for increasing commodity product was greater than that for the first quarter of the previous year. Certain economic organizations, however, showed a slowdown in achieving this.

The demands of the national economy and the public for certain basic industrial goods were better satisfied. Production increased for: electric power, coal, rolled ferrous metals, electric hoists, internal combustion engine plant trucks, power transformers, soda ash, chemical fibers and silks, cement, paper, furniture, cotton and cotton-type textiles, wool and woolen type textiles, footwear, meat and meat products and butter. In comparison with the same period of 1981, production for certain major industrial products increased as follows: by 14 percent for coal, by 8.2 percent for electric power, by 7.8 percent for rolled ferrous metals, by 6.1 percent for electric hoists, by 5.8 percent for internal combustion engine plant trucks, by 6.3 percent for power transformers and by 3.4 percent for soda ash.

Mainly due to the unsteady supply of raw products and materials as well as the unsatisfactory organization of the production process, over the quarter the planned amounts were not produced for the following: pig iron, ingot steel, cold rolled steel, steel pipe, cement, steel structural bearing elements, seed drills, trucks, cattle hides, cotton thread and certain consumer goods.

The agricultural workers have reported good results. Produced agricultural product has been 2 percent more than the corresponding period of the previous year and for livestock raising, 3.8 percent more. There has been a significant increase in meat (in slaughtered weight) by 2.3 percent and for milk by 6.6 percent.

The number of agricultural animals has increased. On 1 April 1982, there were 1,417,000 head of cattle of which 484,000 were cows, 8,813,000 sheep, 2,760,000 pigs and 23,760,000 head of poultry.

Construction completed by organizations as the head executor amounted to 703 million leva which was more than the planned. Higher results have been reported by the construction and installation organizations of the Ministry of Construction and Architecture.

During the quarter, particular attention has been paid to building projects for the production of consumer goods.

Some 3,900 residences were completed and turned over to the public.

Income in transportation increased in comparison with the previous year by 6.2 percent. The noted positive trend in the improvement of the technical and economic indicators in using the means of transport has been maintained. The turn-around of freight cars has been reduced by around 4 hours while the average daily run and the average gross weight of a freight train have increased.

The task set of better supplying more diverse goods to the domestic market is successfully being carried out. The produced and delivered goods are 10.7 percent more and comprise a value of 257 million leva.

The quarterly report for consumer services for the public was overfulfilled by 10 million leva or by 8.5 percent. A significant increase was achieved in comparison with the first quarter of 1981, some 16.0 percent. The positive results run counter to the negative trend in the development of certain services for which the quarterly plan was not fulfilled. These include the maintaining and repair of radio and television equipment, dry cleaning and construction repair services.

Retail commodity turnover increased by 6.2 percent, by 6.3 percent in the trade network and by 5.5 percent in public dining.

The successes achieved by the labor collectives in the first quarter place even greater obligations. By the end of the year, on the basis of the fuller application of the economic mechanism, it is essential to disclose and utilize the reserves and to enrich and fulfill the counterplans. Only this will provide a stable basis for fulfilling and overfulfilling the quotas set for improving the standard of living of the people.

QUESTIONS ASSOCIATED WITH APPLICATION OF NEW ECONOMIC MECHANISM

Sofia STROITEL in Bulgarian 28 Apr 82 p 3

[Unattributed article: "The Economic Mechanism in Action"]

[Text] Question: Is it necessary to differentiate the rate of the wage fund for personnel of a division's administration for periods during the year, according to Article 190, Paragraph 2, Point 2 of the Regulation Governing the New Economic Mechanism.

Answer: The rate for a certain amount of money for current labor remuneration for the personnel of a division's management is an annual one and is not differentiated by periods. It is envisaged that the same rate calculated for 1982 will be applied for all the years of the Eighth Five-Year Plan.

Question: On what bases are incentives to be provided for group and technical leaders of divisions which are not included as part of a brigade?

Answer: The money owed for the wage fund of production units, including the technical and group technical leaders outside the membership of a brigade, is to be determined on the basis of the approved normed costs, including for the wage fund and the quantity and quality of the produced product (the volume of construction-installation work). Within the amount due for the wage fund and with the fulfillment of the obligatory planning quotas and with the fulfillment of the obligatory planning quotas assigned to the production units which they lead, individual wages are set for the group and technical leaders, according to the internal rules for the organization of wages.

Question: According to the procedural instructions given, the recalculated annual total income for the previous year using the prices of 1 January 1982 can be differentiated according to periods, when a direct recalculation is difficult, on the basis of the relative share of the amount of total income for the individual periods in the counterplan for the current year. Would it not be correct to employ the same principle to differentiate by periods the reported wage fund of the previous year following row 9 of the reference appendix No 1 of the scheme?

Answer: According to the principle, the total income for the previous year must be recalculated according to the prices of 1 January 1982 directly for the year and for the periods. When the economic organizations and divisions find it difficult to



carry out this calculation for each period using the direct method, according to the Letter No TsF-01-03-1 of 10 February 1982 of the State Planning Committee and the Ministry of Finances, the opportunity is provided, as an exception, to differentiate the recalculated total income for the previous year by periods (with a running total from the start of the year) on the basis of the relative share of the amount of total income for the individual periods according to the counterplan for the current year. This does not provide a basis to employ the same principle in setting the wage fund for the previous year by periods. In drawing up the reference appendix No 1 to the scheme, line 9 shows the wage fund for the corresponding period of the previous year in observing the note to reference No 1. In instances when for the previous year there has been a shortage of the wage fund, the same is taken into account up to the amount covered by the reserve fund.

Question: When the resulting-balance wage fund is less than the money for current labor remuneration, according to Article 190, Paragraph 3 of the Regulation Governing the Economic Mechanism, the wages for the leadership and specialists are to be paid without a guaranteed minimum. What personnel is to be included in the group of leaders and specialists?

Answer: The group of leaders and specialists includes all personnel with the exception of the personnel designated in section "B," that is, assistant executive personnel for all levels of management in the Unified Staff Table.

Question: Article 118 (4) of the Regulation Governing the Economic Mechanism points out that the division leaders are to be appointed and dismissed by the leader of the economic organization. Who will appoint and dismiss the deputy directors and the chief bookkeepers?

Answer: There are plans to approve a regulation for conducting contests in assigning leaders and specialists and this will also determine the procedure for appointment. Until the regulation has been published, the deputy directors, chief bookkeepers and legal consultants of the divisions will be appointed as up to now, that is, by the superior organization.

Question: Article 228, Paragraph 4 of the Regulation Governing the Economic Mechanism provides that a brigade can create a brigade leader fund. How specifically is the money of this fund to be formed and spent?

Answer: According to Article 228, Paragraph 4 of the Regulation Governing the Economic Mechanism, upon a decision of the general meeting, a brigade can deduct money into the brigade leader's fund. The deduction of the money is done before the distribution of the earned wage fund between the brigade members. The money of the fund is kept in a special account of the division's wage fund and is spent only against the brigade leader's signature. The expenses are approved by the brigade's general meeting.

Question: When a larger number of personnel is employed according to the report in comparison with the plan, is additional money to be deducted for the SBKM [social, domestic and cultural measures] fund according to the per-person rate?

Answer: According to Article 180 of the Regulation Governing the Economic Mechanism, the deductions for the SBKM fund are set by a rate related to the balance sheet

profit. The rate is set in the counterplan as the ratio of the total which is due according to the per-person limits set by the Ministry of Finances and the Central Council of Bulgarian Trade Unions and the planned number of total personnel in relation to balance sheet profit. According to the report scheme, the deductions for the fund are set by the rate and the actual amount of balance sheet profit. Here the percentage increase in the actually deducted money per person in comparison with the previous year cannot exceed the increase in average gross wages after their adjustment. Consequently, the deductions for the SBKM fund according to the report are not influenced by the number of personnel.

Question: What criteria and indicators are to be used in evaluating the contribution of the vocational training centers [PUTs] in forming the resulting wage fund and on what basis will the leaders and specialists at the center be provided with incentives?

Answer: The economic organizations which have a PUTs form a maximum possible wage fund according to Statement No 1 for the scheme on the basis of the entire number of personnel, including the personnel of the PUTs. The costs of the PUTs, including wage expenses, are covered under the approved plan-estimate from the RTU [development and technical improvement] fund. Within the approved outlays, the money is planned for the wage fund on a basis of the calculated number and the average gross wages. The payment of the individual gross wage for the PUTs personnel is carried out in accord with the internal rules for the organization of wages and within the owed amounts of the wage fund.

Question: Does not the coefficient for the labor participation of the workers tend to level the categories of the workers? Can an administrative leader influence this in setting the coefficient for labor participation?

Answer: The assigned employee category is taken into account in setting the coefficient for labor participation. The wage money earned by a brigade is allocated among its members depending upon their specific contribution to carrying out the production and economic tasks according to the procedure laid down by the brigade's general meeting. The participation is established as follows: directly through the use of quantitative and qualitative indicators for assessing the work performed, or indirectly through the labor participation coefficient. In observing these conditions, an administrative leader cannot influence the setting of the labor participation coefficient or the distribution of the earned wage money.

Question: Do the wages of a technical leader who is part of a brigade depend upon the results of the brigade and how is his contribution assessed?

Answer: According to Article 226, Paragraph 4 of the Regulation Governing the Economic Mechanism, the wage expenditures are determined under the form of a comprehensive rate for the product, without being differentiated by operations. These expenditures also include the wages of the leader and the technical and other specialists from the brigade. In an instance when a technical leader is not part of a brigade, his labor remuneration depends completely on his contribution to fulfilling the indicators stipulated in the internal rules for the organization of wages and his labor participation coefficient which is determined and applied on the same grounds as for all the other members of the brigade.

Question: How will deviations be adjusted in the normed costs of auxiliary enterprises when these deviations are not their fault?

Answer: Deviations from the normed costs of auxiliary enterprises, particularly those operating on internal cost accounting, are adjusted according to the procedure of Article 218 of the Regulation Governing the Economic Mechanism, with the economic organization covering the full amount of the losses which have been caused by its action or inaction and leading to deviations in normed costs. The questions are settled specifically following the ordinance governing internal cost accounting.

Question: When an enterprise, particularly one operating on internal cost accounting, has several activities or types of production which operate at a loss and which also receive subsidies, how is it to proceed in instances when structural changes occur in the process of carrying out the program and there is an increased share of the loss-inducing activities or production?

Answer: If in the process of carrying out the program structural changes occur under the orders of an economic organization, the losses and damage caused are covered for the enterprise according to the procedure of Article 218 of the Regulation Governing the Economic Mechanism by the economic organization. If, however, the enterprise at its own initiative has produced more product which is a loss, this is done at its own expense.

Question: How are incentives provided for tower crane operators who are not members of a brigade?

Answer: Article 220 (2), Point 2 of the Regulation Governing the Economic Mechanism envisages that a brigade is to be provided with the use of machinery, equipment and other production-end elements needed for carrying out the assigned production tasks. This means that the tower crane operators, by principle, must be included as members of the brigade and participate in the distribution of the earned wages by setting for them a labor participation coefficient following the general procedures, regardless of administrative affiliation. When the tower crane operators are not from the same division, they are to receive their labor remuneration from the division of which they are members but following the above-described procedure for a brigade.

Question: Is it possible to apply Article 244 (1) of the Regulation Governing the Economic Mechanism to projects being carried out under the direct labor method where the construction organization carries out the work by assigning over certain types of it?

Answer: It can if this is provided for in the contract between the investor (the chief executor) of the project and the construction organization which is the sub-executor, with funds being provided in the project's general estimate.

Question: Wage funds for managerial personnel of the divisions are set according to the procedure of Article 190, Paragraph 2, Point 2 of the Regulation Governing the Economic Mechanism. Are not poorer conditions created for those divisions which in 1981 did not receive the additional labor remuneration and the calculated wage fund is lower than those divisions which received the additional labor remuneration?

Answer: No, but they are put in a less advantageous position. Section 9 of Appendix No. 1 to the Decree of the Council of Ministers No. 16 of 23 March 1982 supplements Article 190, Paragraph 1, Point 2 of the Regulation, in clarifying that the norm for setting the money for current labor remuneration of a division's managerial personnel is set on the basis of the state plan quota for aggregate 1982 profit and the amount of the "current labor remuneration in the wage fund" for this personnel according to the 1981 report, that is, without the additional labor remuneration. Consequently, the additional labor remuneration paid in the previous year is not taken into account. For this reason the payment of such for the current year depends solely upon the amount of the extra realized resulting wage fund.

Question: A contract has been concluded with a brigade and it has carried out all the indicators for the normed plan quota but the division does not have a resulting wage fund. How can incentives be provided for the brigade?

Answer: The brigade (team), in operating separately on internal cost accounting, forms its wage money as a resulting amount depending upon the quantity and quality of the produced product, the comprehensive rate, the fulfillment of the obligatory plan quotas and other specific conditions and requirements. The thus formed wage money is paid out without fail to the members of the brigade, regardless of the end results of the division. The division is obliged to provide the money from the corresponding funds or a bank credit.

Question: With an adjustment of the plan in physical units due to unrealized sales, how can the necessary money be provided for the wages of a division?

Answer: With a reduction of the physical plan of a given division in an economic organization due to unrealized sales, a comprehensive adjustment will be carried out without fail in all the indicators, including the calculated number of personnel. If, after the adjustment of the scheme, the counterplan does not provide the necessary wage funds, the economic organization must provide a subsidy which compensates for the increased cost of the conditionally fixed expenditures as a result of the reduced product.

Question: The increase in the wholesale prices of certain materials on 1 January 1982 has been at the expense of the costs of construction and installation work and leads to a decline in profitability. The same applies to industrial activities. How can the necessary funds be provided for wages under this situation?

Answer: The planned change in wholesale prices for certain materials as of 1 January 1982 has been reflected in the cost plan and the state profit targets. Through prices, the base total income for 1982 has been adjusted in order to make comparable the indicators used in forming the maximum possible wage fund. When, as a result of the change in prices, however, the profitability of the corresponding production has been so reduced that it is impossible to provide the covering of expenses and the calculated wage fund of a division, the latter is provided aid under the procedure of Article 156 of the Regulation Governing the Economic Mechanism.

Question: Is there a normative document which obliges all enterprises to carry out their activities on a contractual basis?



Answer: This is the Ordinance Governing Contracts Between Socialist Organizations approved by the Decree of the Council of Ministers, No 25, 1980, and brought into conformity with the Regulation Governing the Economic Mechanism by the Decree of the Council of Ministers, No 16, of 23 March 1982, Appendix No 3. In addition, the Regulation Governing the Economic Mechanism, on the question of the contractual principle in economic activities, explicitly states:

In Article 153 (2), contracts are the basic document for carrying out economic activities;

In Article 166 (5), the income from the sale of products not covered by contract is not to be considered as valid income and must be paid as income to the budget.

Question: How are the operations of auxiliary systems to be evaluated, that is, independently or related to the results of starting up the projects of the division which they serve?

Answer: The auxiliary and ancillary systems and divisions have the task of ensuring the fulfillment of basic activities, that is, the starting up of the projects. The quotas and indicators for the auxiliary systems must be such ones and approved in such a manner that they ensure the fulfillment of the basic tasks of the divisions which they serve. An assessment of the activities of the auxiliary systems must be made on the basis of obligatory plan quotas thus approved for them. In instances when the auxiliary systems do not fulfill the tasks entrusted to them and thereby do not carry out the tasks in the basic activities, they bear liability for the full amount of the losses and damage caused according to the Ordinance governing internal cost accounting.

Question: How is payment to be made for valid overtime under the conditions of the economic mechanism?

Answer: Payment for valid overtime is carried out within the limits of the wage fund provided for by the norms for the corresponding unit. For this reason it is essential to restrict the use of overtime as this places a burden on wage expenditures.

Question: When a worker has acquired a given category at a PUTs, but has been assigned to a lower category due to the absence of the position in the brigade, can this worker be given a protected category and when?

Answer: A protected category is recognized and observed. Assignment and reassignment are carried out according to the brigade's production listed personnel and this must correspond to the category of the performed work.

Question: How does the labor participation coefficient influence the allocation of earned remuneration between the brigade members?

Answer: The labor participation coefficient must reflect as accurately as possible the quantity and quality of the labor invested by the persons participating in production. According to Article 228 of the Regulation Governing the Economic Mechanism, the money earned by the brigade as wages is distributed between the brigade

members depending upon their contribution following the procedure outlined by the brigade's general meeting. The contribution is established:

- a) Directly by quantitative and qualitative measurement;
- b) Indirectly by the labor participation coefficient.

Question: What must a brigade do in order to operate under brigade cost accounting?

Answer: According to Article 220, Paragraph 2 of the Regulation Governing the Economic Mechanism, in setting up the brigade, the following conditions are to be observed:

- a) To totally cover the production and technically complete process of turning out the finished product (project, subproject or stage) or a basic portion of it;
- b) To be provided with the machinery, equipment and other elements of the production base needed for carrying out the assigned production tasks;
- c) To jointly carry out a production assignment on the basis of common interest and responsibility for the results of the performed work.
- d) The activities are to be organized on an economic base by establishing the brigade on internal cost accounting with the consistent application of the principles of self-support, material interest and material liability.

The size and composition of brigades operating on cost accounting are determined by the economic council of the division, in bearing in mind the specific and concrete conditions of the work.

The economic leadership is obliged to create the necessary conditions and prerequisites for the brigade organization operating on internal cost accounting.

Question: Is there not a contradiction between the provisions of Article 242 of the Regulation Governing the Economic Mechanism which provides that the estimated cost of construction-installation work is to be altered when changes have occurred in certain unit prices, services and other expenditures after the concluding of a contract, and the Decree of the Council of Ministers, No 35, of 28 October 1981, according to which a change in wholesale prices for certain materials as of 1 January 1982 is to be at the expense of product costs?

Answer: There is no contradiction. The increasing of report costs by the differences in wholesale prices for certain materials as of 1 January 1982, has been adjusted for by planning in reducing the state profit quota. In these instances Article 242 of the Regulation Governing the Economic Mechanism is inapplicable as there is an explicit provision in the 35th Decree of the Council of Ministers of 1981. In all other instances, Article 242 is applied on the general basis.

Question: How are material savings of a brigade to be figured in a situation when there has been a change in the wholesale prices for certain materials on 1 January 1982?

Answer: The plan and the report of the brigade (normed) costs are to be drawn up using the planned calculated prices and the change in the wholesale prices of 1 January 1982 should not have any influence on their results.

Question: How must the economic mechanism be applied for projects with partial design preassembly?

Answer: According to Article 244, Paragraph 3 of the Regulation Governing the Economic Mechanism, when construction is carried out according to partial design preassembly, the Council of Ministers is to set the amount of additional funds for the more difficult conditions according to the proposal of the main executor with the approval of the investor and the Main Price Administration Under the Ministry of Finances. The required additional money to compensate for the increased costs of the builder are provided for in the project's general estimate. Any deviation from this requirement is a violation of the Regulation Governing the Economic Mechanism.

Question: How is the work of a brigade or team operating on internal cost accounting to be organized when it performs auxiliary activities and how will the members of the brigade be given incentives?

Answer: All brigades must operate on cost accounting in creating the requisite conditions according to the requirements of Article 220, Paragraph 2 of the Regulation Governing the Economic Mechanism. Compulsory plan quotas are to be set for the brigades in accord with the specific working conditions and the specific nature of the work assigned to them. These requirements apply fully also to brigades involved in auxiliary and ancillary activities. The payment of labor remuneration, including additional labor remuneration for the carrying out of the assigned tasks, is done under the conditions of Article 228 of the Regulation Governing the Economic Mechanism, that is, depending upon the contribution and within the limits of the wage money earned by the brigade. This provision is applied both to the brigades in basic activities as well as to those in auxiliary activities in observing the requirements of the internal wage organization rules.

Question: Under the condition that the carrying out of a state plan is the criterion for assessing a division's activities, how is the importance of the counterplan to be seen?

Answer: State plan quotas for a limited number of indicators are approved for the economic organizations and their divisions but this is not a state plan. The fulfillment of these quotas is the criterion for assessing the activities of the corresponding leadership. The counterplan is the sole plan for the economic organization and division. It is a comprehensive plan for all activities and the covering of costs is to be provided in it. The basic part of the counterplan is the scheme for the formation and distribution of income and the financial plan which shows whether or not this is feasible.

Question: Compulsory plan quotas and limits for their resource support are set for the brigades. In the process of carrying them out, the leadership does not always provide the necessary materials and so forth. This reflects badly on the work and results of a brigade. Who is to answer for the losses from bad results when the brigade is not to blame for them?

Answer: According to Article 231, Paragraphs 4 and 5 of the Regulation Governing the Economic Mechanism, plan coordinating agreements (organizational-managerial contracts) are to be concluded between the brigades and the division leadership for the spelling out of relationships. These clarify their reciprocal obligations and responsibilities. The ensuing losses and damage are at the expense of the guilty party. Disputes involving the fulfillment of the plan coordinating agreements are reviewed and resolved by the division's economic committee.

Question: Changes in the plans of projects require the breaking up of concrete, the undoing of performed work and so forth and all of this leads to additional expenditures which reflect badly on financial results. Who is responsible for this?

Answer: Additional expenditures which are made to correct mistakes and changes in plans are to be paid for by the guilty party. The amount of additional expenditures is to be set by bilateral protocols and on the basis of them the guilty party pays for the amount of losses and damage caused under the conditions governing the rules for the organization of internal cost accounting.

Question: What is the optimum size of the new type of brigade?

Answer: The optimum one. According to Article 220, Paragraph 1 of the Regulation Governing the Economic Mechanism, the new type of brigades are organized on the basis of the specific and concrete working conditions to ensure the optimum organizational, technical and economic limits for the brigade's size. The number and composition of the brigades are set by the economic council.

Question: Is the technical leader of a project a member of the brigade council and must he approve a decision of the brigade council for distributing the earned wage money on the basis of the labor participation coefficient?

Answer: The technical leader of a project is not directly a member of the brigade council. The members of the brigade council are elected by the general meeting. The brigade council has competence determined by the general meeting within the limits of the rights and obligations granted the brigade. The labor participation coefficients are set by the brigade council and are not to be approved by the technical leader or any other administrative person.

Question: How must one proceed in paying labor remuneration, including additional labor remuneration, to brigades and teams where some have losses and others operate at a profit?

Answer: Each brigade operating separately on internal cost accounting forms wage money on the basis of its own results from carrying out the assigned tasks, regardless of the overall results of a division. A shortage in the wage fund of a division as a whole is not grounds for not paying the full amount of the wage money earned by the brigades and owed for the quantity and quality of work performed, in observing the internal rules for the organization of wages.



ANSWERS TO QUESTIONS CONCERNING APPLICATION OF NEW ECONOMIC MECHANISM

Sofia IKONOMICHESKI ZHIVOT in Bulgarian 28 Apr 82 p 3

[Unattributed answers to questions concerning the Regulation Governing the Application of the Economic Mechanism]

[Text] 85. Question: Certain ministries, economic organizations, enterprises and individual specialists have asked questions concerning the unlisted personnel and whether it is necessary to recalculate 1981 total income with the wage fund paid to this personnel which has been accounted for as material expenditures?

Answer: The money for the wages of all listed and unlisted personnel, including for the so-called personnel of "other contingents," must be paid from the resulting-balance wage fund of the economic organizations and enterprises. An exception to this rule is made only for the honorariums which are considered as other monetary expenditures in costs. Consequently, the expenditures on wages for the unlisted personnel which in 1981 were accounted for as material expenditures at present, according to the sense of Article 189, Paragraph 2, Point 1 of the Regulation Governing the Economic Mechanism, must be covered from the account "Current Labor Remuneration" of the wage fund. For this reason for the sake of comparability of the data, these wage expenditures must be subtracted from material expenditures and added to the paid wage fund according to the 1981 report, in increasing the reported 1981 total income by this amount.

The necessity of employing unlisted personnel, as well as the expenditures of wages for this personnel are determined by the corresponding leadership depending upon the specific requirements of the economic organization or enterprise. The owed individual wages of persons from the unlisted personnel are determined by the internal rules for the organizing of wages depending upon the specifically performed work and within the limits of the wage fund of the appropriate organization.

86. Question: What payments are made by the economic organizations to the budgets of the obshtina people's councils and what is the procedure for making them?

Answer: Normed deductions are paid as income to the budget of the obshtina people's council by all economic organizations, enterprises and production-economic units with headquarters on the territory of the obshtina, regardless of their affiliation. According to the decree of the Council of Ministers of 1 January 1982, these deductions are to be set at 3 percent of the balance sheet profit of all the industrial,

trade, transport and other enterprises, with the exception of the APK [agroindustrial complex] for which the payments are set at 1 percent of total income.

The payments are made by the economic organizations to the budget of the obshtina people's council in the territory of which they are located. The enterprises and production-economic units which are divisions of economic organizations but operate on an independent balance sheet are to pay deductions to the budget of the obshtina people's council where they are located and not to the obshtina where the economic organization is located.

When divisions located on different territories do not draw up an independent balance sheet, the economic organization distributes the contributions between the appropriate obshtina people's councils proportionally to the number of personnel which the obshtina council has provided for this subdivision from its population.

In addition to the designated contributions from the economic organizations and their divisions, the budgets of the obshtina people's councils receive:

- a) The full amount of the profit tax and the turnover tax of the economic organizations, enterprises and other production-economic units which are directly under the executive committees of the obshtina people's councils;
- b) The full amount of the profit tax of okrug-level enterprises which are located on the territory of the corresponding obshtina.

Income under letter "b" is distributed by the okrug people's council between the corresponding obshtina people's councils proportionately to the personnel provided by them for the okrug-level economic activities.

87. Question: How are the deductions for the fund for social, domestic and cultural measures [SBKM] to be made when for the current year a higher limit has been set per person than for the previous year?

Answer: From the provisions of Article 180, Paragraph 3 of the Regulation of the Economic Mechanism it is seen that the counterplans must provide at least a minimum amount of deductions for the SBKM fund and which must be paid according to the per-person limits set by the Ministry of Finances and the Central Council of Bulgarian Trade Unions. The regulation also defines the limiting conditions for increasing the money in the fund. The percentage increase in the actually deducted money per person in comparison with the previous year cannot exceed the increase in the average gross wages after their regulation. Naturally, when the approved limit per person for the current year significantly exceeds the actual deductions per person for the previous year, the economic organizations and enterprises may not be required to observe this restriction.

Consequently, in these instances the economic organization and, correspondingly, the enterprise, in the counterplan and in the report must provide what is owed according to the approved per-person limits for the SBKM fund, regardless of whether the restriction has been observed of its conformity to the increase in the average gross wages. Other questions also arise in applying the Regulation Governing the Economic Mechanism to deductions of money for the SBKM fund. Because of this, the Ministry

of Finances together with the Central Council of Bulgarian Trade Unions have been entrusted with preparing a proposal to supplement the normative provisions on the forming and expenditure of money from the SBKM fund.

10272

CSO: 2200/105

IMPORTANCE OF NEW NATIONAL COMMITTEE ECONOMIC ROLE DISCUSSED

Prague TRIBUNA in Czech No 20, 1982 p 4

[Article by Miroslav Srbek: "National Committees Faced With New Tasks in Services"]

[Text] The Communist Party has always devoted exceptional attention to the activity of the national committees, regarding it as one of the pillars of the socialist system. Also the 16th CPCZ Congress devoted close attention to the development of the national committees. The measures that the party and government organs adopted in recent years, and primarily the conclusions of the 6th session of the CPCZ Central Committee set for the national committees new tasks and perspectives for solving the economic, social and cultural development of our country in the 1980's.

The national committees express the unity of state power and administration in their districts and play an important role in formulating state policy, in its implementation and control. Through the national committees the citizens participate in managing their communities, cities, okreses and krajs. During the past decade, the authority of the national committees and the comprehensiveness of their functions have been further broadened. However, the scope and depth of the social changes, the demanding nature of the tasks of economic and social development, and also the growing material and cultural needs of the people are confronting the national committees, in the same way as entire society, with new tasks and are placing objectively greater demands on their work. The requirements of intensifying and raising effectiveness and productivity are not basic directions only for the economy; in principle they apply to all spheres and areas of society's activity. Therefore it is essential to further develop and perfect also the mission of the national committees so that they may better serve the needs of the people. This also means that they must gradually overcome the shortcomings that have accompanied their work up to now.

Possibilities Must Be Taken Into Account

In the course of building socialism, the economy managed by the national committees has become an important part of our economy. Together with education and health care, the economy of the national committees employs over 1.5 million persons, roughly 25 percent of the gainfully employed population. This indicates on the one hand the great economic and social strength of the national committees, but on the other

also the high degree of the national committees' coresponsibility for implementing the economic and social policy of the party and government. Therefore it is necessary that also the national committees devote increased attention to the economic tasks and their overall fulfillment, so that they can assert with much greater emphasis the requirements of effectiveness in their own activity and in the work of their subordinate organizations, enforce utmost economy in every area, and consistently take into account the interests and possibilities of society as a whole.

Therefore the 6th session of the CPCZ Central Committee analyzed in detail the resources and work results of the national committees. The requirement was emphasized that the national committees must influence even more effectively the economic and social development of their districts. To this end CPCZ Central Committee Presidium and the governments adopted principles for expanding the authority and responsibility of the national committees. On this basis it is necessary that primarily the kraj national committees assert more fully than in the past their role in formulating the regional and territorial plans of the districts, expediently allocating investments and manpower and utilizing the natural and social conditions. Simultaneously it is the duty of the central organs to inform, with sufficient lead time, the kraj organs about their intentions.

Improvement of the paid and free services provided for the population has become an important task of the national committees. The national committees direct to a large extent the activity and development of services and are responsible for the functioning of services. The 16th CPCZ Congress directly set the task of expanding paid services and significantly improving their quality. It was emphasized that every responsible official must be fully aware in his own area that this is not merely an economic question but also a highly political one. Prompt and readily available paid services of good quality significantly influence the citizens' satisfaction and their work activity.

The balance of the population's cash incomes and expenditures shows, for example, that in 1980 the population of the CSSR spent roughly 48 billion korunas on all types of services. One-fourth of this was for services that organizations of the local economy and production cooperatives provide for the population. The service enterprises and organizations employ over 700,000 persons. However, an analysis of the output volumes shows that the proportion of the proceeds from the sale of paid services to the population is only 12 percent in local industry, 30 percent in municipal services, 15 percent in the production cooperatives, and merely 0.3 percent in the local construction industry.

In the area of services and local production there are 584 enterprises managed by national committees, and 510 production and consumer cooperatives. The number of business establishments is 58,000. In their work there is much that is favorable, yet the results are not enough from the viewpoint of the growing demand. From an analysis of the individual branches of paid services provided for the population it follows that progress has been made in providing barbershop, hairdressing, dry cleaning, photo and certain other services. There has been a radical improvement also in repairing television sets, radios, other audio equipment and washing machines, particularly in cities.

However, there are shortages in laundry services, automobile rapirs, repairs of certain products made by the metalworking and electrical engineering industries, in



repairing clothing and custom tailoring, furniture-making, and public baths. The greatest shortages are in services for the repair, maintenance and remodeling of apartments and of the housing stock, particularly installation work, roofing, heating, masonry and carpentry work. The situation is truly critical in repairing shoes, leather accessories, and chimneys. So far no organization is engaged in providing some types of services such as the towing and junking of privately owned motor vehicles.

### Causes of the Shortages

At the 6th session of the CPCZ Central Committee it was emphasized that the economy had sufficient resources and manpower to suitably supply the population's demand for services. Proof of this are the developed material-technical base of the service industries, the human potential, the creative work and dedication of the overwhelming majority of the workers employed in services.

Then what are the causes of the unsatisfactory state of paid services? It was established that the primary cause was the poor quality of management; it was costly, bureaucratic and inflexible. So far we have been unable to simplify the system of planning and financing. It is very complicated, and the effectiveness of the employed directive and economic instruments is low. In the system of economic incentives, particularly at the level of the business establishments, a closer link is lacking between the work results and bonuses of those workers who directly provide services. Shortcomings along entire staff and line management and in personnel work likewise affect the quality of services.

Many enterprises managed by the national committees, and many production cooperatives have deviated from their mission; production cooperation with centrally managed industry is the dominant within their activity. Various local opportunities for better satisfying the citizens' needs likewise are not being utilized adequately. Also the profitability of many services is low, for objective as well as subjective reasons.

Pronounced differentiation of profitability in its turn has an unfavorable effect on the structural development of services. This differentiation is a contributing factor in that many low-profitability or unprofitable services are becoming scarce in some regions. After the increases of the prices of raw materials, supplies, fuels and energy in the one-time adjustment of wholesale prices, the low profitability of some services has worsened further. The considerable differences in profitability between production activities on the one hand and services on the other are one of the reasons why enterprises are giving preference to ensuring their production activities. The unsatisfactory situation in supplying the organizations with materials and machinery is continuing. Likewise the technical equipment of the enterprises is below the necessary level in some instances; special equipment is lacking, especially the power tools necessary for repair and maintenance work. Unsuitable use of the organizational forms likewise creates problems. For example, unwarranted monopolization of the production programs by the organizations, and too narrow specialization. Centralization, and failure to master the internal organization and cost accounting at the enterprises likewise have a negative effect. Many business establishments have been closed, and not always expediently. In many service industries this has made the actual supply of services for the population more remote.

## Solutions

Elimination of the mentioned shortcomings and the further development of paid services require a unified and highly active approach by the central organs, national committees, and cooperative organs and organizations. To regulate and support these efforts, the federal government and the governments of the two republics approved in March of this year principles for the more effective management and greater flexibility of paid services. These principles will be implemented primarily in local production and services, in the production and consumer cooperatives, and scrap collection. But it is necessary that these principles be applied also by other organizations providing paid services, particularly the unified agricultural cooperatives and organizations belonging to the National Front.

The essence of the adopted measures, as this was emphasized at the 6th session of the CPCZ Central Committee, is to simplify the entire system of management and planning, to make the economic instruments more effective, and to provide room for the truly active support of the development of services, for making the activity of services more economic and better. The number of indicators used will likewise be reduced sharply. Economic incentives will be made more effective.

This convincingly shows that the present unsatisfactory state of paid services will not be resolved merely by minor improvements in organization, planning, financing and remuneration, but by significant perfection of the management of services. The party and government will continuously stimulate, monitor and evaluate this approach and regulate it on the basis of new information. The essence of the proposed measures applies to all main aspects of the system of planned management, and to increasing its authority. The economic instruments should encourage more effectively the development of socially desirable activities, and the curtailment of production and cooperation. Profit and the fulfillment of quantitative tasks will certainly remain important criteria for evaluating the results of services, but they cannot be the decisive aspect in evaluating the activity of the organizations. New, particularly qualitative criteria will be used.

Within the organizational structure attention will focus on ensuring enterprise cost accounting and internal cost accounting of the business establishments, using more simple and administratively less demanding forms of their operation. To increase the activity of the workers who directly provide services, more flexible economic incentives will be introduced. The operation of enterprises must be based on the principle of cost accounting. The process of the further concentration of service organizations into large units should not continue if it does not produce the desirable effect in terms of the further development, quality and structure of services. In cases where the integration of service outlets did not accomplish its intended purpose and merely made services more remote for the population, it will be desirable to quickly bring closer to the consumer the appropriate organizations or their subdivisions.

In the report at the 6th session it was clearly stated that "... the decisive role in perfecting and expanding services belongs, and will continue to belong also in the future, to the service enterprises and organizations managed by the national committees, and to the production and housing cooperatives. The principal direction in improving services is to significantly upgrade the functioning of these enterprises, organizations and cooperatives, and to increase considerably their proportion of work for the population."

In the development of services it is likewise desirable that the national committees employ forms that make better use of local resources, and of the interests and initiative of people who, through supplementary activity in selected areas, could contribute toward better satisfying the population's needs.

#### More Care to Supplying Citizens

Principles similar to the ones adopted for the more effective management and development of paid services will be introduced gradually also in public catering. The report at the 6th session of the CPCZ Central Committee justifiably pointed out that there was much room for improvement also in this area. This applies to the quality of planning and management, to the employed forms of economic incentives, to the quality of service, and to the quality of the meals and provided services. Therefore it was decided to basically perfect the system of work in this area, primarily by introducing more flexible forms of management, consistently employing cost accounting, and by introducing other necessary measures concerning operation, economics and incentives, which would make for greater economy and would improve the quality and profitability of catering services.

The 6th session of the CPCZ Central Committee devoted considerable attention to the relationship between the national committees and domestic trade and its work, in general to the coresponsibility of the national committees and domestic trade for the overall level of the population's supply. It was emphasized that the new laws on domestic trade give the national committees significant authority regarding the location of retail stores, the level of sales, supervision over the quality of merchandise and its assortment, store hours, expansion of sales to large plants, etc. The national committees must solve these problems more forcefully. The session again underscored the fact that satisfying the needs of the people in terms of volume, structure, and also of place and time, requires a more responsible approach by manufacturers and domestic-trade organizations, and their closer cooperation with the national committees. At the same time "... particularly the municipal and local national committees must exercise their control function more consistently than up to now in relation to the trade organizations and retail outlets to ensure the population's supply."

Simultaneously the national committees are obliged to employ more actively such forms in purchasing, market supply and sales that will contribute significantly toward the population's continuous supply with fruit and vegetables. It was emphasized that the often inflexible approach of the purchasing and trade organizations and of the national committees had to be changed to ensure that the grown produce gets to the consumer as quickly as possible.

The 6th session of the CPCZ Central Committee discussed in principle also other main areas of activity whose operation and development are predominantly the concern of the national committees. These included primarily a set of questions relating to repair and maintenance of the housing stock, to housing construction, etc. The session adopted appropriate conclusions for a balanced development of these activities. And specifically they pose complex and often new tasks for the national committees. However, also others--citizens, legislative bodies, state organs, ministries, enterprises, plants, cooperatives, and organizations belonging to the National Front--will participate in the fulfillment of these tasks.



# NONIMPLEMENTATION OF SET OF MEASURES CRITICIZED

Prague HOSPODARSKE NOVINY in Slovak 14 May 82 p 4

[Article by Engr Tibor Vasko, director of the Kosice-Mesto Okres branch of the Czechoslovak State Bank: "Waiting as a Tactic"]

[Text] The economic results achieved last year by the industrial and construction organizations headquartered in Kosice-Mesto Okres, where the principles of the Set of Measures were applied for the first time on a larger scale, do not differ significantly from their results in preceding years.

In the 1981 plan fulfillment of the industrial and construction enterprises located in Kosice-Mesto Okres we may regard as favorable the fact that the dynamic growth rate of industrial output, 3.5 percent over 1980, was maintained; adjusted own output increased by 5.4 percent; and profit also increased, by 7.4 percent. The enterprises fulfilled also their total sales, and the planned volume of deliveries of consumer goods was exceeded by more than 100 million korunas. A favorable ratio between the rise of labor productivity and wage increases was maintained. In comparison with 1980, the turnover time of inventories was shortened by 0.3 day in industry and by 1.5 days in construction.

On the other hand, a series of shortcomings from preceding years are continuing, especially in construction, and this has been reflected in the worsening of the fulfillment of certain qualitative indicators. The enterprises' shortfall in main construction activity was 3.5 percent, despite the fact that their tasks for 1981 were lower than in 1980. The construction industry in the okres exceeded its planned losses by 45.3 percent. The industrial enterprises did not achieve the planned level of their export margin indicator in export to nonsocialist countries; in comparison with 1980, this indicator dropped 3.5 percentage points. The efficiency of fixed assets dropped in comparison with 1980 (measured in terms of output per koruna of fixed assets): by 0.7 percentage point in industry and by 4.5 percentage points in construction. On the other hand, the enterprises' applications for short-term operating credit increased by 5.6 percent, and a significant contributing factor in this was uneven fulfillment of planned sales, including export tasks.

The principles of the Set of Measures have not had a noticeable effect even on preparing the plans for this year. In the draft plans of the overwhelming majority of the enterprises there is a continuation of the tendency from years past, i.e., an effort to have a "good" plan. Likewise the enterprises have not taken advantage of the possibilities of implementation counter planning.

Thus we have not succeeded in mobilizing the reserves and possibilities that unquestionably exist at the enterprises. A large share of this is due to the inadequate stability of the plan and to the resulting uncertainties about the validity of the tasks. The enterprises simply do not believe in the objectivity of the plan's breakdown, and especially of the changes during the year. And since the evaluation of the results continues to be based on a comparison of the report data with the plan, only the enterprise that had a "good" plan is rated as "good". Only fulfillment of the set criteria is evaluated and appreciated, not the enterprise's economic contribution, the result of its activity.

As an example I will cite the annual evaluation of two construction enterprises in Kosice-Mesto Okres for last year. One of them achieved a minimal profit of 2.0 million korunas on a volume of 936 million korunas in main construction activity, but it failed to fulfill seven of the eight indicators that had been set. Understandably, the bank closed the year with this enterprise by placing it on the stricter rules for credit financing.

The other construction organization reported a loss of 39 million korunas on an output of 250 million korunas in main construction activity. But because this organization failed to fulfill only two of the eight indicators, the bank was able to close the annual evaluation merely with reservations. Unfortunately, under these conditions it is understandable that the enterprises strive to get the most advantageous breakdown of the plan.

It is true that certain changes in the plan during its realization are unavoidable. This is understandable already for reasons of possible changes in external relations. Nobody can demand a plan that is absolutely unchangeable. But it is more than likely that there are not only unavoidable, objective reasons behind the breakdown of the plan from the economic production units to the level of the enterprises, and behind the frequent changes in the plan during the year.

Let us again cite an example. At 13 industrial enterprises in the okres, there were 21 plan changes in 1981, including 10 in the second quarter and 8 in the fourth quarter. Seven construction organizations had 12 plan changes, again in the second and fourth quarters. It is difficult to avoid the impression that this was nothing else than adjustment of the plan to the actual results, always before evaluation. The scope of the changes likewise does not indicate a "dissolution" of reserves, rather a redistribution of the tasks in accordance with their fulfillment.

This practice also prevents the enterprises from considering the advantages of implementation counter planning, from probing deeper into their own reserves. A radical change can be expected, I believe, only after setting objective basic tasks and by maintaining the stability of at least the five-year plan.

An area to which the enterprises systematically are not devoting sufficient attention is financing, credit and profit formation. The primary consideration in their decisions to apply for credit is overall fulfillment of the plan in physical terms. Often literally at all cost. This mentality leads, among other things, to an excessive accumulation of inventories, at high interest costs to the enterprise. Nationwide the production inventories in industry and construction can be estimated as only slightly less than annual national income. But in our okres these inventories are more than double the annual profit.

An indication of the failure to appreciate the financial reserves concealed at present in inventories is also the fact that the inventory positions in production rose at the same rate during the first quarter of this year as in the same period of last year, despite the fact that the Czechoslovak State Bank has increased the interest rates on credit to finance inventories by as much as 33 percent over the previous interest rates, in accordance with the slowdown of the velocity of inventory turnover in 1981. For 12 selected production organizations in the okres, this difference in basic interest rates alone amounts to 35.8 million korunas of additional interest costs! How is it possible that the organizations do not miss this amount in their economic results? Evidently they are not missing it, because otherwise the managements of the enterprises would not permit a further rise in inventories. The more so because the enterprises--pursuant to Decree No 49/1981 Zb of the State Planning Commission and State Arbitration Board--reviewed their yearend inventory positions and earmarked 130 million korunas' worth as excessive, unused and intended for consumption or liquidation in 1982. According to our experience gained during audits, the actual value of such unnecessary inventories is higher by 174.5 million korunas. A reduction of inventory positions by this amount is a condition for providing credit at normal interest rates throughout the entire year. Failure to meet this requirement set by the bank would mean a further rise in interest costs.

Despite this unfavorable financial impact, presented here only in general outlines, many of the enterprises have not adopted any exceptional measures in their management of inventories. This can be attributed only to the fact that not even now is the long-term continuity of the results of enterprise operations maintained. Once again it is being assumed that everything will be squared away and explained at the end of the year, and we will be able to begin next year with a clean slate. Thus the long-term normatives for the enterprises' economic incentives based on their results will be set aside, everything will be averaged, set anew, and distributed at the level of the economic production units. And thus we have come full circle, back to the problem of "good" plans.

1014

CSO: 2400/274

## SPECIAL CURRENCY EXCHANGE RATES PUBLISHED

## Exchange Rates Table No 22/82

Warsaw TRYBUNA LUDU in Polish 31 May 82 p 7

[Text] Announcement of Exchange Rates Table No 22/82, effective 1 June 1982, by Stanislaw Majewski, president, Polish National Bank, on 31 May 1982.

I. Foreign-currency exchange rates in zlotys for countries of the first payments area [socialist countries] for commercial and noncommercial payments in Table No 6, 1982, dated 8 February 1982, remain unchanged.

In purchases of travelers' checks for rubles, issued by the USSR Foreign Trade Bank and payable outside the USSR in the currency of the country where cashed, an exchange rate of 11,767.80 zlotys per 100 rubles is applied.

## Rates for Noncommercial Payments

Country	Curr Symb	Currency	Foreign Exchange		Money
			Purchase 1	Sales 2	Average 3
Albania	215	100 leks	213.92	216.08	215.00
Bulgaria	202	100 levs	4,070.45	4,111.36	4,090.91
Czechoslovakia	203	100 crowns	358.20	361.80	360.00
People's Repub- lic of Korea	219	100 won	1,243.75	1,256.25	1,250.00
Cuba	208	100 pesos	3,227.02	3,259.46	3,243.24
People's Republic of Mongolia	204	100 tugriks	856.93	865.55	861.24
German Demo- cratic Republic	205	100 marks	1,343.25	1,356.75	1,350.00
Romania	206	100 lei	431.56	435.90	433.73
Hungary	207	100 forints	242.85	245.29	244.07
Vietnam	210	100 dong	375.80	378.84	376.96
USSR	201	100 rubles	3,582.00	3,618.00	3,600.00

II. Foreign-Currency Exchange Rates in Zlotys for Countries of the Second Payment Area [Capitalist Countries]

Exchange Rates Table No 22/82

Country	Curr Symb	Currency	Foreign Exchange		Money		Average
			Purchase	Sales	Purchase	Sales	
			4	5	1	2	
Saudi Arabia	771	1 rial***	24.04	24.28	--	--	24.16
Australia	781	1 Austral.dollar	87.17	88.05	85.86	89.36	87.61
Austria	786	100 schillings	509.27	514.39	501.59	522.07	511.83
Belgium	791	100 francs	189.96	191.86	187.09	194.73	190.91
Denmark	792	1 kroner	10.56	10.66	10.40	10.82	10.61
Finland	780	1 markka	18.30	18.48	18.02	18.76	18.39
France	793	1 franc	13.85	13.99	13.64	14.20	13.92
Greece	724	100 drachmas	130.66	131.98	113.25	133.95	131.32
Spain	785	100 pesetas	80.37	81.17	79.15	82.39	80.77
Holland	794	1 florin	32.22	32.54	31.73	33.03	32.38
India	543	100 rupees***	886.57	895.49	--	--	891.03
Ireland	782	1 pound***	124.10	125.34	--	--	124.72
Japan	784	100 yen	34.39	34.73	33.87	35.25	34.56
Yugoslavia	718	100 dinars	185.12	186.98	160.45	189.77	186.05
Canada	788	1 Canad. dollar	66.74	67.42	65.74	68.42	67.08
Kuwait	770	1 dinar***	288.09	290.99	--	--	289.54
Lebanon	752	1 pound	16.62	16.78	16.37	17.30	16.70
Libya	651	1 dinar***	278.46	281.26	--	--	279.86
Luxembourg	790	100 francs	189.96	191.86	187.09	194.73	190.91
Norway	796	1 kroner	13.79	13.93	13.58	14.14	13.86
Portugal	779	100 escudos	116.78	117.96	101.22	119.72	117.37
FRG	795	1 mark	35.84	36.20	35.30	36.74	36.02
United States	787	1 dollar*	82.46	83.28	81.21	84.53	82.87
Switzerland	797	1 franc	42.16	42.58	41.52	43.22	42.37
Sweden	798	1 kroner	14.26	14.40	14.04	14.62	14.33
Turkey	627	100 pounds	54.61	55.15	47.33	55.98	54.88
Great Britain	789	1 pound**	149.10	150.60	146.85	152.85	149.85
Italy	799	100 lira	6.47	6.53	5.61	6.63	6.50

\* Valid also in clearing accounts with the following countries: Bangladesh, Brazil, Ecuador, Greece, Iceland, Kampuchea, Colombia, Lebanon, Pakistan, Peru and Turkey.

\*\* Valid also in clearing accounts with the following countries: Nepal and Pakistan.

\*\*\* The Polish National Bank does not purchase money in these currencies.

# Exchange Rates Table No 23/82

Warsaw TRYBUNA LUDU in Polish 8 Jun 82 p 7

[Text] Announcement of Exchange Rates Table No 23/82, effective 8 June 1982, by Stanislaw Majewski, president, Polish National Bank, on 8 June 1982.

I. Foreign-currency exchange rates in zlotys for countries of the first payments area [socialist countries] for commercial and noncommercial payments in Table No 6, 1982, dated 8 February 1982, remain unchanged.

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People's Republic of Korea	219	100 won	1,243.75	1,256.25	1,250.00
Cuba	208	100 pesos	3,227.02	3,259.46	3,243.24
People's Republic of Mongolia	204	100 tugriks	856.93	865.55	861.24
German Democratic Republic	205	100 marks	1,343.25	1,356.75	1,350.00
Romania	206	100 lei	431.56	435.90	433.73
Hungary	207	100 forints	291.42	294.34	292.88
Vietnam	210	100 dong	375.80	378.84	376.96
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II. Foreign-Currency Exchange Rates in Zlotys for Countries of the Second Payments Area [Capitalist Countries]

Exchange Rates Table No 23/82

Country	Curr Symb	Currency	Foreign Exchange		Money		Average
			Purchase	Sales	Purchase	Sales	
			4	5	1	2	6
Saudi Arabia	771	1 rial***	24.33	24.57	--	--	24.45
Australia	781	1 Austral.dollar	87.44	88.32	86.12	89.64	87.88
Austria	786	100 schillings	505.07	510.15	497.46	517.76	507.61
Belgium	791	100 francs	187.82	189.70	184.98	192.54	188.76
Denmark	792	1 kroner	10.41	10.51	10.25	10.67	10.46
Finland	780	1 markka	18.37	18.55	18.09	18.83	18.46
France	793	1 franc	13.58	13.72	13.38	13.92	13.65
Greece	724	100 drachmas	130.37	131.69	113.00	133.65	131.37
Spain	785	100 pesetas	79.43	80.23	78.23	81.43	79.83
Holland	794	1 florin	31.87	32.19	31.39	32.67	32.03
India	543	100 rupees***	893.34	902.32	--	--	897.83
Ireland	782	1 pound***	122.41	123.65	--	--	123.03
Japan	784	100 yen	34.33	34.67	33.81	35.19	34.50
Yugoslavia	718	100 dinars	186.24	188.12	161.43	190.92	187.18
Canada	788	1 Canad.dollar	67.08	67.76	66.07	68.77	67.42
Kuwait	770	1 dinar***	291.03	293.95	--	--	292.49
Lebanon	752	1 pound	16.82	16.98	16.56	17.24	16.90
Libya	651	1 dinar***	281.79	284.63	--	--	283.21
Luxembourg	790	100 francs	187.82	189.70	184.98	192.54	188.76
Norway	796	1 kroner	13.80	14.34	13.59	14.15	13.87
Portugal	779	100 escudos	118.19	119.37	102.43	121.16	118.78
FRG	795	1 mark	35.37	35.73	34.84	36.26	35.55
United States	787	1 dollar*	83.44	84.28	82.18	85.54	83.86
Switzerland	797	1 franc	41.55	41.97	40.92	42.60	41.76
Sweden	798	1 kroner	14.23	14.37	14.01	14.59	14.30
Turkey	627	100 pounds	55.26	55.82	47.90	56.65	55.54
Great Britain	789	1 pound**	149.59	151.09	147.33	153.35	150.34
Italy	799	100 lira	6.40	6.46	5.54	6.56	6.43

\* Valid also in clearing accounts with the following countries: Bangladesh, Brazil, Ecuador, Greece, Iceland, Kampuchea, Colombia, Lebanon, Pakistan, Peru and Turkey.

\*\* Valid also in clearing accounts with the following countries: Nepal and Pakistan.

\*\*\* The Polish National Bank does not purchase money in these currencies.

Exchange Rates Table No 24/82

Warsaw TRYBUNA LUDU in Polish 14 Jun 82 p 7

[Text] Announcement of Exchange Rates Table No 24/82, effective 14 June 1982, by Stanislaw Majewski, president, Polish National Bank, on 14 June 1982.

I. Foreign-currency exchange rates in zlotys for countries of the first payments area [socialist countries] for commercial and noncommercial payments in Table No 6, 1982, dated 8 February 1982, remain unchanged.

In purchases of travelers' checks for rubles, issued by the USSR Foreign Trade Bank and payable outside the USSR in the currency of the country where cashed, an exchange rate of 11,774.80 zlotys per 100 rubles is applied.

II. Foreign-Currency Exchange Rates in Zlotys for Countries of the Second Payments Area [Capitalist Countries]



Exchange Rates Table No 24/82

Country	Curr Symb	Currency	Foreign Exchange		Money		Average
			Purchase	Sales	Purchase	Sales	
			4	5	1	2	6
Saudi Arabia	771	1 rial***	24.43	24.67	--	--	24.55
Australia	781	1 Austral.dollar	87.66	88.54	86.34	89.86	88.10
Austria	786	100 schillings	500.44	505.46	492.89	513.01	502.95
Belgium	791	100 francs	186.39	188.27	183.58	191.08	187.33
Denmark	792	1 kroner	10.35	10.45	10.19	10.61	10.40
Finland	780	1 markka	18.27	18.45	17.99	18.73	18.36
France	793	1 franc	13.52	13.66	13.32	13.86	13.59
Greece	724	100 drachmas	129.68	130.98	112.39	132.94	130.33
Spain	785	100 pesetas	78.95	79.75	77.76	80.94	79.35
Holland	794	1 florin	31.80	32.12	31.32	32.60	31.96
India	543	100 rupees***	895.01	904.01	--	--	899.51
Ireland	782	1 pound***	121.91	123.13	--	--	122.52
Japan	784	1 yen	34.11	34.45	33.59	34.97	34.28
Yugoslavia	718	100 dinars	186.16	188.04	161.36	190.84	187.10
Canada	788	1 Canad.dollar	66.70	67.38	65.70	68.38	67.04
Kuwait	770	1 dinar***	292.20	295.14	--	--	293.67
Lebanon	752	1 pound	16.88	17.04	16.62	17.30	16.96
Libya	651	1 dinar***	282.92	285.76	--	--	284.34
Luxembourg	790	100 francs	186.39	188.27	183.58	191.08	187.33
Norway	796	1 kroner	13.74	13.88	13.53	14.09	13.81
Portugal	779	100 escudos	115.23	116.39	99.87	118.13	115.81
FRG	795	1 mark	35.22	35.58	34.69	36.11	35.40
United States	787	1 dollar*	83.77	84.61	82.51	85.87	84.19
Switzerland	797	1 franc	41.37	41.79	40.75	42.41	41.58
Sweden	798	1 kroner	14.20	14.34	13.98	14.56	14.27
Turkey	627	100 pounds	55.44	56.00	48.06	56.83	55.72
Great Britain	789	1 pound**	150.29	151.81	148.03	154.07	151.05
Italy	799	100 lira	6.37	6.43	5.52	6.53	6.40

\* Valid also in clearing accounts with the following countries: Bangladesh, Brazil, Ecuador, Greece, Iceland, Kampuchea, Colombia, Lebanon, Pakistan, Peru and Turkey.

\*\* Valid also in clearing accounts with the following countries: Nepal and Pakistan.

\*\*\* The Polish National Bank does not purchase money in these currencies.

CSO: 2600/697

## PROBLEMS IN TRANSPORTATION INDUSTRY ANALYZED

## Employment, Rolling Stock, Finances

RZECZPOSPOLITA in Polish 17-18 Apr 82 pp 1, 8

[Text] Problems in transportation industry: employment, rolling stock and finances. The need for maintaining priorities in transportation. More trains, fewer cars and trucks. At the center of attention--commuting to work and school.

During his first meeting with journalists (16 May 1982), Janusz Kaminski, the Minister of Transportation, said, in describing the situation in his ministry, that one must include as a myth the opinion which sees the transportation industry as not having any problems in performing its allotted tasks because of a weakening in the tempo of the economy.

The chief of the ministry of transportation recognizes three key problems:

Employment. Approximately 30,000 PKP [Polish State Railroads] workers have retired or gone on pension in the past few months. On the same scale as the railroads, and for the same reasons, employment has decreased in the PKS [State Airlines] and in the railroad and motor transport industry repair and servicing facilities.

Deliveries of new rolling stock. In past years, we received 12,000 to 15,000 freight cars from industry annually. In 1982, industry will assure delivery of just 3,000 freight cars and then only coal cars and flat cars: the railroads are not getting the boxcars that are so much in need. For PKP passenger transportation needs, deliveries of 50 electric units (instead of at least 70) and 200 passenger trains (350 to 400 are needed this year) are being promised.

Finances. An increase in producer prices and everything connected with that process have necessitated tripling the amount of subsidies from the state treasury for the benefit of transportation (presently about 200 billion zlotys). A 165 percent increase in tariff rates for freight transport, effective 1 January 1982 did not balance against the first cost increments. This will also necessitate price increases for passenger service, which has had a growing deficit every year.

With fuel restrictions, there has been a growing tendency for railroads to take over the freight transportation, which up to now had been done by cars and trucks. It has been estimated that the railroads will transport 22 million more tons of freight in 1982, while PKS will transport 21 million tons less.

In the first quarter, PKP transported 94 million tons of freight. The goal for the second quarter is 102 million tons and, for the last half of this year, 219 million tons.

In sum, applications have been made for the transportation of coal, agricultural products and freight earmarked for export. An absolute priority will continue to be maintained for transportation of these groups of freight.

Modest investment means available to the ministry in 1982 are concentrated on modernization of repair-servicing facilities and the electrification of railway lines.

Electrification of railway segments should increase by 316 kilometers this year. This is a rather significant increase in relation to past years, when 180 to 190 kilometers of railway lines underwent electrification. In future years, about 500 kilometers of railway lines are being slated for electrification.

Passenger travel, after a very difficult fall and winter, does not anticipate further restrictions, and long-distance train service has at last been restored. At the moment there is no possibility of restoring long-distance bus service, especially where parallel railroad connections are being installed. Buses have been designated for suburban service, and especially for transporting people to work and youth to school.

The ministry has also completed a special analysis of the possibility of an increase in transporting passengers by rail within the compass of large urban centers and foresees the introduction, wherever possible, of regular train schedules.

#### Rolling Stock Shortages Revealed

SLOWO POWSZECHNE in Polish 30 Apr 82 p 9

[Text] This crisis has encompassed all sub-sectors of the economy; consequently, it is not strange that production in a great majority of plants has significantly decreased. Even coal, whose output has been increasing systematically for the last few months, continues to be produced at a significantly lesser rate than in the years of prosperity. The obvious consequence for such a state of affairs is the conspicuous decrease in railroad freight transportation. In this situation, it would seem to appear that all transportation difficulties, indicated so far, would have been

appreciably alleviated. At the same time the railroad continues to fulfill its burdensome tasks with the greatest difficulty. Why?

Among the several real causes for such a state of affairs, the most important seems to be the lack of rolling stock, and, more precisely, the lack of freight cars. On the surface the situation is paradoxical to the extent that Poland is a leading world producer of these kinds of products.

Admittedly, we are now producing two times fewer freight cars than we did in 1975, but we also occupy a responsible place in the world after the U.S., the USSR, Romania and India, with a production of 9,100 units. And even taking into account the years when we exported rolling stock--its drop even proportionally higher than the drop in production--there should not be a shortage of rolling stock for the needs of PKP.

But this is only an apparent paradox. For as it turns out, during the whole decade of the 1970's the supply of freight cars did not make up for the systematic increase in freight that was occurring at that time. And this in turn caused exploitation beyond measure of particular units, which, in view of an increasing breakdown rate, created disturbances in transportation. In the end, one way or the other, it was necessary, however, to withdraw units from service.

The result was such that although year after year rolling stock made its way from producers to the domestic user, the number of freight cars in service decreased--this began to occur in the mid-1970's. The sum total of freight cars for 1975 was 212,000, and 5 years later only 194,800 were in service.

But even up to last year, the situation, though systematically worsening, was still not dramatic. Whereas now only 169,200 freight cars are operational. In comparison with the previous period the number of boxcars in daily use fell from 33,300 to 30,100, flatcars from 21,500 to 18,700, and tank cars from 12,800 to 10,700. However, the greatest deviation was noted in the case of coal cars, whose number dropped from 115,200 to 98,900.

And it is necessary precisely here, first of all, to search out the source of disturbances in our transportation industry that--as one has to presume--are still increasing after the anticipated growth in production, especially in mining industries. Right now it is necessary to look for full utilization of rolling stock--which is so closely bound up with the expansion of railroad repair facilities and with the need for eliminating freight car tie-ups among unreliable consignees.

For it may turn out that we will indeed have available the production for serving social needs, but there will be no way of transporting the products from producers to consignees.

9866

CSO: 2600/588

## FURTHER DEVELOPMENT FOR IRON GATES HYDROPOWER SYSTEM

Bucharest REVISTA ECONOMICA in Romanian No 18, 7 May 82 pp 4-5

[Article by Dr Iulian Flostinaru: "Better Utilization of Hydropower Resources"]

[Text] Hydropower resources occupy a continually growing place in the structure of Romania's energy balance. On the basis of the relatively large resources that we possess in this regard--those of the Danube and its main tributaries--a number of highly important facilities that help to utilize the hydroelectric potential and to expand the energy base of the country have been built and are in the process of being achieved.

The most important of the hydropower facilities built or slated to be built on the Danube are in the range of Mehedinti County: the Iron Gates One Hydropower and Navigation System, which has been operating for 10 years, and Iron Gates Two, in the process of being achieved.

Built in a period of only 7 years, on the basis of the agreement between the governments of the Socialist Republic of Romania and the Socialist Federal Republic of Yugoslavia in 1956, the Iron Gates One Hydropower and Navigation System marked the start of the utilization of the hydropower potential of the Danube in the sector common to both countries. Through the construction of the imposing facility, on the one hand, the utilization of a hydropower potential of over 10 billion kilowatt-hours per year (by both parties) is secured and, on the other hand, the Iron Gates zone has been transformed from a narrow sector extremely difficult for navigation into a sector favorable to it, providing for the growth of the transportation capacity on the Danube from 15-16 million tons per year to over 50 million tons per year--that is, by a factor of over 3.

Through the prodigious activity of the work staff there, the Romanian power station's main indicators--installed power, power output and production cost--were fulfilled in the first 12 months after putting the system into operation--that is, in half the planned time. Strongly stimulated by this success, the power engineers at Iron Gates One intensified their efforts to operate the installations on hand as rationally as possible, managing to fulfill and overfulfill the plan for electric-power production every year by completely using the incoming flow. Continually performing studies and research on the possibility of raising the power of the turbines beyond the projected levels, the Romanian power engineers managed to provide for maximum utilization of the Danube's hydropower potential, especially in the high-water period, when part of the water flow was diverted over the dam. These studies and research activities



confirmed the possibility of raising the power from 175 megawatts, which represented the projected nominal power of a hydroelectric generating set, to 190 megawatts. The flow of water through the turbines also rose accordingly--from the initially installed level of 710 cubic meters per second to 800 cubic meters per second per turbine, which represents an increase in it from 8,530 to 9,600 cubic meters per second (the total increase in flow being over 1,000 cubic meters per second) by both power stations (Romanian and Yugoslav) in the Iron Gates One System. The above-mentioned increases in power and flow led, on the one hand, to the growth of the peak electric-power output and, on the other hand, to the growth of the total power output, through the reduction of the water diversion.

Starting in 1976, the operation of the Iron Gates One hydroelectric power station at increased power was undertaken, there being obtained in this way an increase in electric power of 133 million kilowatt-hours per year on the average in the Romanian power station. Through these actions, the complete recovery of the funds spent for investments was also obtained in 3.23 years, as compared with the 5.5 years approved by means of the technical and economic indicators.

In the electric-power branch, the Iron Gates Electric Power Enterprise occupies first place over the other units producing electric power within the hydroelectric sub-branch in the structure of the Ministry of Electric Power. The evolution of the fulfillment of the indicator of electric-power output is shown in Graph 1. Year by year, the staff of the hydroelectric power station has overfulfilled the plan targets for electric-power output, putting into the national power system a cumulative additional power of over 3,700 gigawatt-hours, which represents over 75 percent of the average annual output of the power station. In addition, one also distinguishes the fact that the average annual output in the 10 years is over 5,939 gigawatt-hours, as compared with the 5,000 gigawatt-hours projected. The additional output of electric power was obtained under the conditions of reducing the consumption for production and transformation by 5 percent on the average from the consumption set and reducing the cost of the power produced from 0.03 lei per kilowatt-hour to below 0.02 lei per kilowatt-hour. These results have put the enterprise in top spots in the socialist competition every year, it being awarded the Order of Labor, first class, in 1974 and 1981.

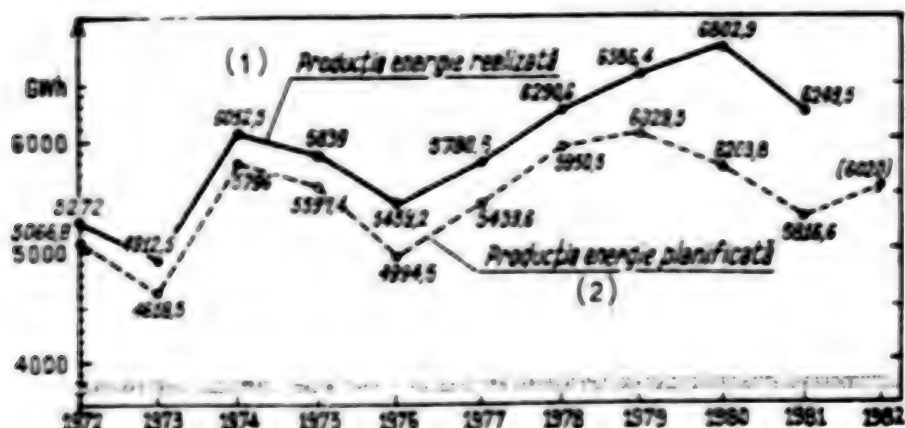
The main factors that influenced the fulfillment and overfulfillment of the plan targets for the indicator of electric-power output were:

The improvement of the activity of operation and maintenance, by increasing the degree of reliability of the installations and optimizing the forecasting of the Danube's flows and the system of operating the hydroelectric generating sets;

The improvement of the activity of planned repairs, by improving the matter of scheduling and pursuing them, by reducing the standardized periods of stoppage for planned repairs, and by eliminating the breakdowns due to personnel and the technical hitches.

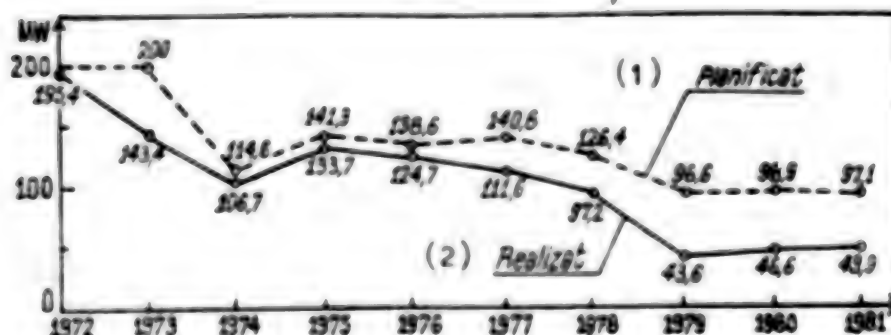
The thorough preparation for repairs, by providing the SDV's [tools, devices and gauges], materials and work technologies in time, and the introduction of the overall contract system, as a better way to give an incentive to the working people, led to the shortening of the repair time, which had a direct effect on the growth of the effectively usable average power, as can also be seen from Graph 2.

Some 10 years after putting the Iron Gates One Hydropower and Navigation System into operation, we are in the middle of the process of achieving a new hydropower facility--Iron Gates Two, also built jointly by Romania and Yugoslavia in order to utilize more fully the Danube's hydropower potential. The construction of the Iron Gates Two hydroelectric power station, at Ostrovul Mare, will completely change the appearance of this zone. Let us mention just part of the construction that will ultimately make up this facility, which will rest, monumentally and solidly, in the Danube's bed.



Graph 1. The Evolution of the Achievement of the Production of Electric Power in the 1972-1982 Period

Key: 1. The power production achieved 2. The power production planned



Graph 2. The Growth of the Effectively Usable Average Power

Key: 1. Planned 2. Achieved

The island of Ostrovul Mare, the place where the work fronts of the builders of the new hydroelectric power station are located at present, has a length of 14 km and, in some sectors, a width of 4 km. As the design provides, the overflow dam, which will incorporate over 200,000 cubic meters of concrete and for achieving which 300,000 cubic meters of excavation are necessary, will be erected on the secondary branch of the Danube. At the same time, the work also requires the preparation of 3,000 cubic

meters of blocks of concrete, each weighing up to 2.5 tons. The height of the dam will be 17 meters and a storage lake with a length of 80 km will be formed behind it. The two power stations, both totaling an installed power of 432 megawatts, will be on the primary branch of the Danube, at kilometer 683. When the two power stations are finished, the water flow will reach 6,750 cubic meters per second. In the 2 power stations, 16 turbines--horizontal bulb turbines--will be installed: 8 in the Romanian power station and 8 in the Yugoslav power station. The eight turbines for the Romanian power station will be achieved by our machine-building industry.

There is the possibility of increasing the number of turbines by another four in the two dams in order to use the flow that would be diverted in the case of high water, thus helping to increase the installed power by another 54 megawatts (the Romanian part) and to use the Danube's flow as fully as possible. The length of the new power station will be 180 meters and the width will be 73 meters. The diameter of the rotor on a turbine will be 7.5 meters. Just for building the Romanian power station, 1.5 million cubic meters of dirt and stone will be excavated and 296,000 cubic meters of concrete will be used. For one lock, which will have a length of 310 meters, a width of 34 meters and two gates--one a mitergate and the other a drawgate--and which will operate in a single stage, 400,000 cubic meters of excavation will be done, 245,000 cubic meters of concrete will be necessary, and 900,000 cubic meters of filling will be done. The second lock, which will cut through the island and unite the two branches of the Danube, will require 1.1 million cubic meters of excavation and 320,000 cubic meters of concrete. At the same time, a 4.1-km dike will be built at Ostrovul Corbului and a dike with a length of 7 km will be built at Ostrovul Mare.

Adding to all these things a 110-kilovolt station and the various social facilities--120 apartments, a school, a kindergarten, a motel, a restaurant, a thermal power station and others--which will define the "city" of the builders and fitters, we have a picture of the impressive efforts that man is making so that there, at Ostrovul Mare, the Danube will soon pump additional millions of kilowatts of electric power into the aerial powerlines of the homeland. When it is connected to the circuit of the national economy, the Iron Gates Two hydroelectric power station--in fact, just the Romanian part--will annually pump over 1.4 billion kilowatt-hours of electric power into the national power system.

The development of the country's energy base in the future in conformity with the Directive Program for Research and Development in the Field of Energy in the 1981-1985 Period and the Main Orientations up to the Year 2000 will lead to the growth of the installed power in the basic electric power stations (thermoelectric and nuclear-electric power stations). The plenum of the RCP Central Committee on 31 March of this year analyzed and approved the report on the implementation of the program for power production in the 1981-1985 5-year period and the development of the country's energy base up to 1990, so that, on the whole, Romania may give itself independence in energy and fuel by 1990. Referring to the big tasks in this field, in the speech given on that occasion, Comrade Nicolae Ceausescu said: "Every year, we will possess greater capacities in hydroelectric power stations; by 1985, we will rise to over 10,000 megawatts in coal and shale power stations and, as you have seen, in 1990, we will reach 12,000 megawatts; we will reach over 9,000 megawatts in hydroelectric power stations and about 4,500 megawatts in nuclear-electric power stations."

In the context of the energy crisis on a world level, the problems connected with the stocking of energy are acquiring greater and greater importance. The equalization of



the consumption in the system will be one of the main tasks of the energy economy in the future.

Among the various means available for achieving a temporary reserve of energy needed to be put at the disposal of the national power system for covering the peak of consumption, pumped-storage hydroelectric power stations will assert themselves as a main means. In this regard, on the territory of Mehedinti County, due to the geographical characteristics, the construction of pumped-storage hydroelectric power stations will experience spectacular development in the future. The natural framework offered by the creation of the storage lake of the Iron Gates One Hydropower and Navigation System provides the possibility of setting up, under extremely advantageous conditions from a technical and economic viewpoint, a number of facilities of this sort, including some on the territory of Mehedinti County. Other important resources for increasing the production of electric power will also be utilized within the county, through the achievement of micro hydroelectric power stations on the inland rivers.

Acting steadily to draw the existing energy resources into the production circuit, Romania will be able to cover from its own sources its ever growing need for electric power, becoming--as it is pointed out in the party documents--independent from an energy viewpoint by 1990.

12105

CS0: 2700/288

ROMANIA

BRIEFS

NEW AIR TERMINAL IN SUCEAVA--Yesterday, a new air terminal was inaugurated in Suceava. Its construction was prompted by the increasing passenger traffic from year to year. The new building has a capacity of about 250 travellers at peak hours, and can handle simultaneous departures and arrivals of domestic and foreign flights. Utilizing direction and control apparatus of high technical quality, the Suceava airport can handle the take-off and landing of AN 24, BAC-1-11 and IL 18 aircraft. Two domestic routes operate between Bucharest and Suceava each day. Also, the TAROM company organizes charter flights for foreign tourists who visit the historic and artistic monuments in northern Moldavia. [Excerpts] [Bucharest SCINTEIA in Romanian 9 Jun 82 p 4]

CSO: 2700/296

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July 2, 1982